



NOVARE[®]
actuaries & consultants

| **Monthly Report** |

SALA Pension Fund

May 2020

TABLE OF CONTENTS

Section A: Market Overview

Section B: Fund Overview

Section C: Glossary



REPORT OVERVIEW

SOUTH AFRICAN LOCAL AUTHORITIES PENSION FUND

The Fund comprises of both defined benefit and defined contribution schemes, as such the Fund has 4 investment portfolios.

FUND PERFORMANCE

The performance figures of the Fund represent the performance as calculated by Novare's pricing division and are **net** of manager fees.

The financial year end of the Fund is 30 June. The returns for the financial year reflect returns from the 1st of July.

Year to date ("YTD") performance represents calendar year to date.

MARKET OVERVIEW

The performance figures reflected in Section A of this report have been sourced from Reuters.

PERFORMANCE FOR PERIODS LONGER THAN 12 MONTHS

All performance figures for periods greater than 12 months (1 year) are annualised, unless indicated otherwise.

MANAGER PERFORMANCE

The performance figures of the Fund's underlying managers represent the returns as per the manager monthly reports.

OBJECTIVE

The objective of the DB Portfolio represents the inflation target of CPI + 4.5%

The objective of the DC Growth Portfolio represents the inflation target of CPI + 4.5%

The objective of the DC Money Market Portfolio represents the inflation target of CPI + 1%

The objective of the Pensioner Portfolio represents the inflation target of CPI + 4.5%

BENCHMARK

The benchmark performance in this report for the DB portfolio is as follows:

Asset Class	Allocation	Benchmark
Domestic Equities	32.5%	Capped SWIX
Domestic Protected Equities	5%	JSE TOP 40
Domestic Fixed Income	10%	ALBI
Domestic Property	5%	SA Listed Property
Domestic Money Market	2.5%	STeFI
Domestic Alternatives	15%	CPI + 3.5%
Africa	5%	Fund Returns
International	25%	International Composite: 60% MSCI World / 40% JP Morgan Global Bond

The benchmark performance in this report for the DC Growth portfolio is as follows:

Asset Class	Allocation	Benchmark
Domestic Equities	37.5%	Capped SWIX
Domestic Protected Equities	5%	JSE TOP 40
Domestic Fixed Income	7.5%	ALBI
Domestic Property	5%	SA Listed Property
Domestic Money Market	2.5%	STeFI
Domestic Alternatives	12.5%	CPI + 3.5%
Africa	5%	Fund Returns
International	25%	International Composite: 60% MSCI World / 40% JP Morgan Global Bond

REPORT OVERVIEW

The benchmark performance in this report for the Pensioner portfolio is as follows:

Asset Class	Allocation	Benchmark
Domestic Equities	32.5%	Capped SWIX
Domestic Protected Equities	5%	JSE TOP 40
Domestic Fixed Income	10%	ALBI
Domestic Property	5%	SA Listed Property
Domestic Money Market	2.5%	STeFI
Domestic Alternatives	15%	CPI + 3.5%
Africa	5%	Fund Returns
International	25%	International Composite: 60% MSCI World / 40% JP Morgan Global Bond

The benchmark performance in this report for the DC Money Market Members is as follows:

Asset Class	Allocation	Benchmark
Domestic Money Market	100%	STeFI

TACTICAL LIMITS

DB Portfolio

Asset Class	Lower limit	Upper limit
Domestic Equities	20%	50%
Domestic Fixed Income	5%	20%
Domestic Property	0%	15%
Domestic Money Market	0%	60%
Domestic Alternatives	10%	20%
Africa	0%	7.5%
International	0%	30%

DC Growth

Asset Class	Lower limit	Upper limit
Domestic Equities	20%	45%
Domestic Fixed Income	5%	20%
Domestic Property	0%	15%
Domestic Money Market	0%	60%
Domestic Alternatives	10%	20%
Africa	0%	7.5%
International	0%	30%

Pensioner Portfolio

Asset Class	Lower limit	Upper limit
Domestic Equities	20%	50%
Domestic Fixed Income	5%	20%
Domestic Property	0%	15%
Domestic Money Market	0%	60%
Domestic Alternatives	10%	20%
Africa	0%	7.5%
International	0%	30%

“*The private equity portion under alternatives and the unlisted Africa benchmarks are the returns to approximately strip out the effect of these investments on the portfolio returns by using the weighted actual returns and allocations effective since inception. These asset classes will be measured and reported on in a separate report.”

DISCLAIMER

This document is confidential and issued for information purposes only and intended solely for the addressee(s) and members of the **South African Local Authorities Pension Fund**, which employs Novare Actuaries and Consultants (Pty) Ltd (Registration number: 2001/008015/07) (**NAC**), as its Investment Consultant. The performance of the Fund is dependent on the fluctuations of the underlying financial instruments, exchange rates and other economic factors. Past performance is not a guarantee for future performance. No guarantees are provided in relation to portfolio investment performance. NAC does not accept any liability or responsibility of whatsoever nature and however arising in respect of any claim, damage, loss or expense relating to or arising out of or in connection with the reliance by anyone on the contents of this document. Copyright of this document will remain vested with NAC and may not be reproduced to anyone in part or whole without the prior written consent of NAC.

NAC is an Authorised Financial Service Provider in terms of the Financial Advisory and Intermediary Services Act, 37 of 2002. **FSP No. 815.**

NAC is approved by the Financial Services Board in terms of Section 13B of the Pension Funds Act, 24 of 1956, as an Investment Administrator: 24/ 456.

Section A

Market Overview

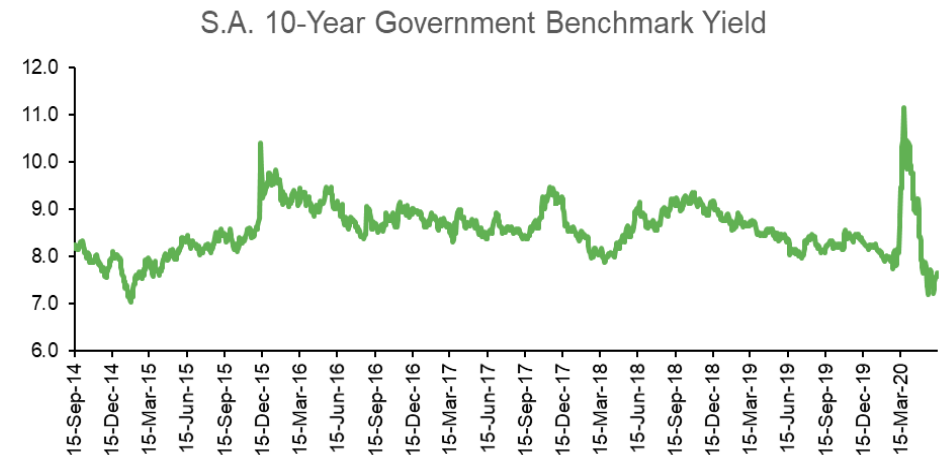
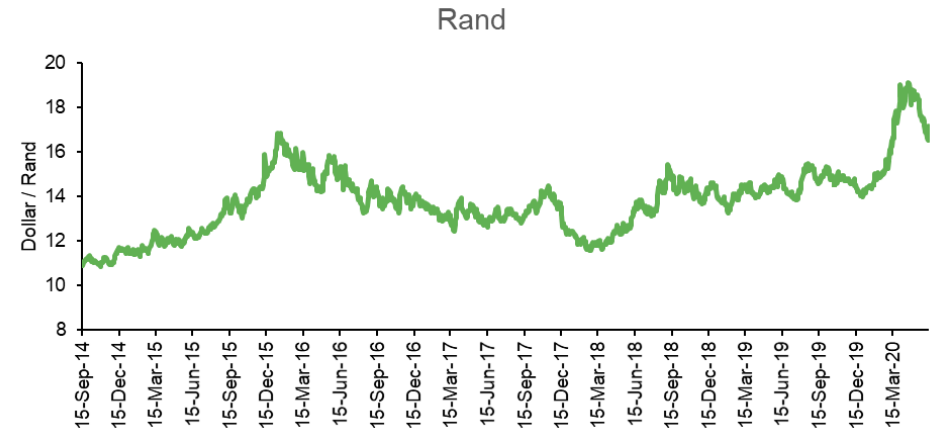


DOMESTIC MARKET VIEW

South Africa continued its extended lockdown but softened the extent slightly in May as a limited number of additional sectors of the economy were allowed to open. President Ramaphosa continued to indicate that, although the country has been able to dampen the infection rate, the pandemic will get much worse before it gets better.

The South African Reserve Bank gave consumers some respite, producing a further 50bp rate cut bringing the repo rate to 3.75%. With inflation likely to remain in the lower half of the target band, the Bank might be in a position to cut rates further. However, SARB Governor Lesetja Kganyago did not strike a particularly dovish tone and indications are that the Reserve Bank will take a wait-and-see approach before moving rates again.

This was, however, the extent of the positive news as economic data continued to show the devastating effect of the lock-down on the economy. SA recorded a massive trade deficit as imports plunged.

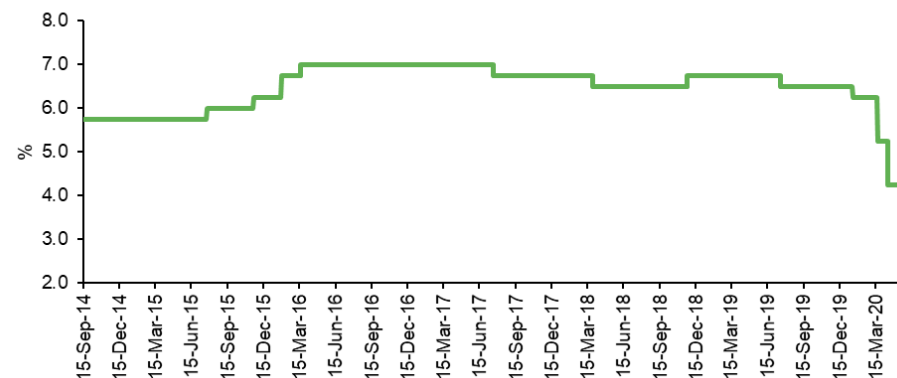


DOMESTIC MARKET VIEW

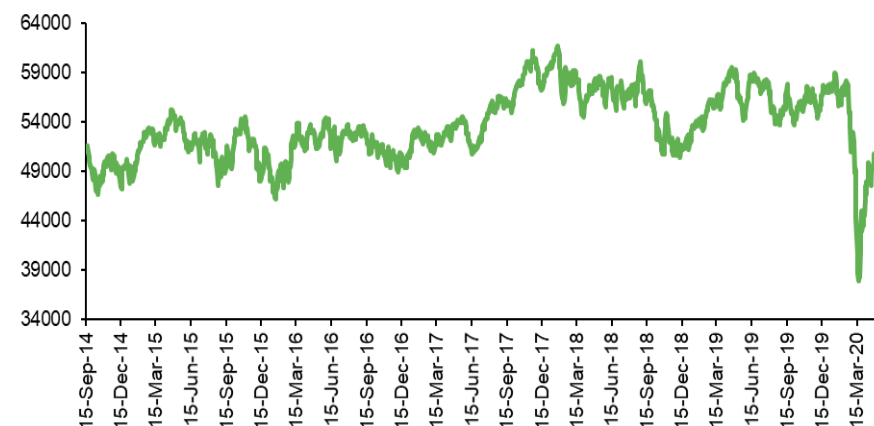
Early indicators also continued to show the extent to which consumers have remained under pressure in an economy that was on shaky footing at the start of the pandemic. The latest PMI data did, however, indicate that manufacturing picked up slightly during the month as some sectors of the economy started to open.

Despite the more positive, risk-on environment globally, non-residents remained net sellers of South African bond and equity assets during May. Local equities ended the month pretty much flat, while bonds continued their positive performance returning 7.01% as yields across the curve fell. The ZAR also continued its rally since the March sell-off ending the month at 17.55, 5.3% stronger than April.

Repo Rate



FTSE/JSE All Share Index

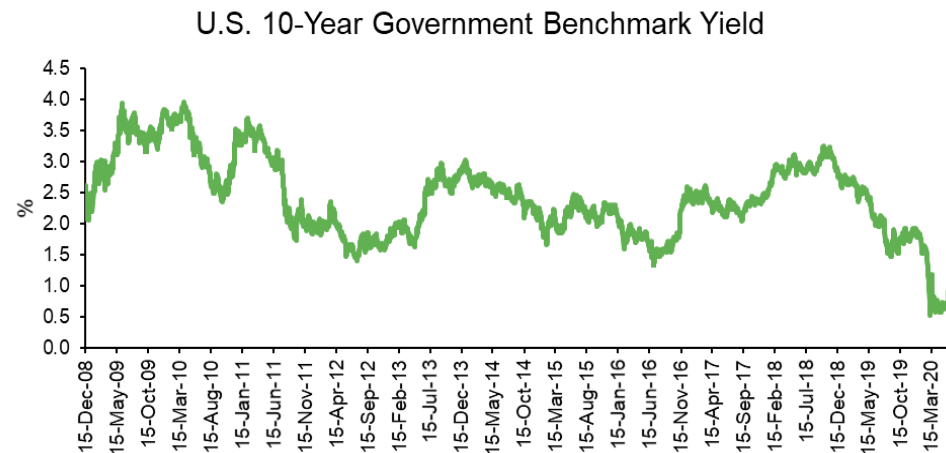
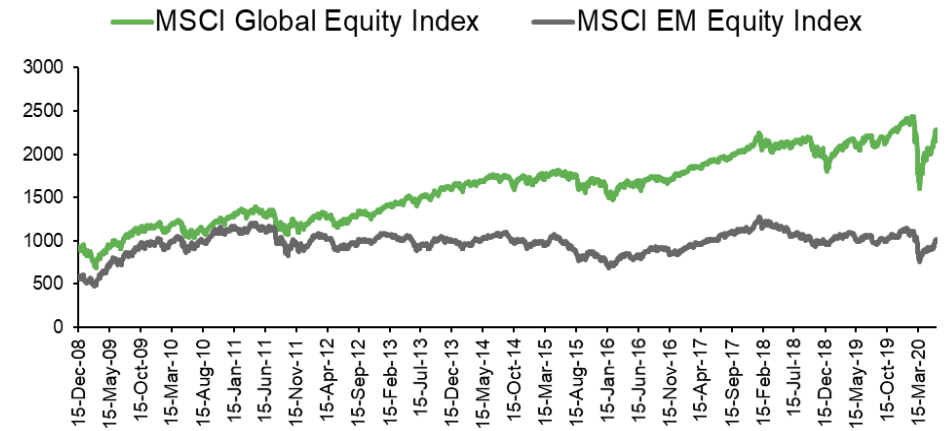


INTERNATIONAL MARKET VIEW

April's strong rebound in equity markets extended into May as the market's expectation of a V-shaped recovery continued to be aggressively priced in. The magnitude of the Covid-19 impact continued to dominate sentiment and, as an increasing number of countries began to relax their lockdown measures, the impact on new cases remained in focus.

During the month, a range of data showed an unprecedented contraction in economic activity. However, investors appeared to focus on hopes that the contraction might be weakening. The S&P 500 had its second-best day of the month on the same day the US Labour Department reported that nonfarm payrolls had decreased by a massive 20.5 million in April, causing the unemployment rate to spike to 14.7%, its highest level since the Great Depression.

Investors, however, saw the loss of jobs as smaller than consensus expectations, while the vast majority of those laid off told surveyors that they expected to be rehired within six months. Weekly jobless claims remained high, but investors seemed satisfied that they trended downward throughout the month, while the number of people filing continuing claims started to fall.



INTERNATIONAL MARKET VIEW

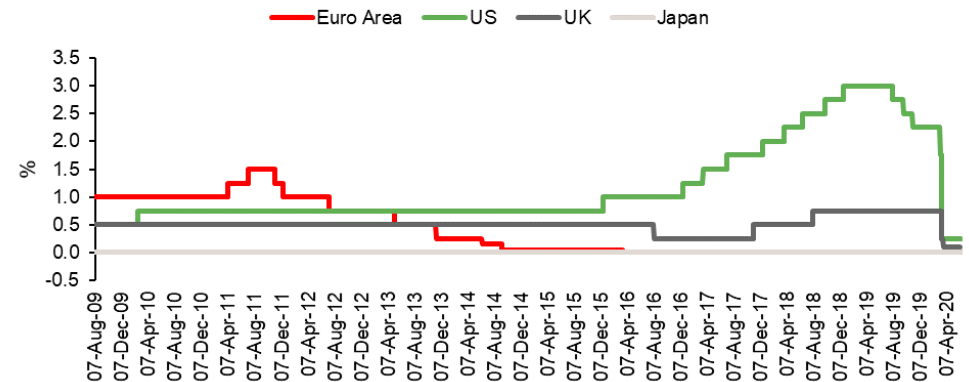
Monetary policy globally remained very accommodative, with policy in the spotlight. Federal Reserve Chairman Jerome Powell warned in a speech of significant downside risks in the months ahead, and the possibility of lasting damage to the productive capacity of the economy. Powell held out the possibility of further stimulus measures from the central bank but stated that the Fed was not considering cutting interest rates to below 0%.

The uncertainty around fiscal policy and President Trump's continued tension with China resulted in bouts of volatility that possibly restrained market performance. Despite this, the S&P500 returned 4.76% with every sector in the index reporting a positive performance. Bond returns were fairly flat for the month as markets remained uncertain of future monetary policy movements. Global bonds returned 0.44%.

OIL (BRENT)



G4 Policy Rates



TACTICAL ASSET ALLOCATION



RSA BONDS

Local bond markets rebounded strongly during May, returning 7.01% as the SA Reserve Bank continued buying bonds in the secondary market. The yield curve flattened during the month as rates at the long end and the belly of the curve surpassed the magnitude of decline at the short end. The R2023 returned 1.21%, while the R186 returned 4.45%. The benchmark R2030 recorded a 10.00% return, while the ultra-long R2048 generated 8.61%. With inflation and interest rates declining in South Africa, the environment is very supportive of the asset class. With inflation under control and threatening the lower end of the target band, the Reserve Bank does indeed have further room to cut, even though rates are already at very low levels. The Bank's fairly hawkish tone at the previous Monetary Policy Committee meeting, together with the fact that the MPC vote almost resulted in no cut, could signal the end of the cutting cycle for now.

Prior to the Covid-19 crisis, the government's deficit for 2020 was expected to be 6.8% of GDP. However, is now expected to rise sharply, with tax collections suffering due to lockdown restrictions and government facing additional spending pressures under the R500bn fiscal package. When compared to emerging market peers, South African bonds still offer value on a real return basis as real yields remain in excess of 5%. South African CDS spreads, which have recovered but are still above 400bps, are quite a bit higher versus emerging market peers.

We were somewhat more positive on bonds going into the downgrade and are currently slightly under-weight, with the bullish focus towards the front end of the curve. From a credit perspective, we believe the market will remain under severe pressure as the effect of the lockdown on economic activity becomes apparent. In that sense, we prefer more defensive investment grade credit.

RSA PROPERTY, ALTERNATIVES AND CASH

The SA Listed Property Index (SAPY) has been a severe under-performer for some time but experienced a muted return in May losing -0.46%. The asset class remained 45% down over a 12-month period. We hold the view that corporate tenants in South Africa pose significant downside risk as default is likely to increase. Some corporates have invoked force majeure provisions in their leases and accordingly will not be paying rentals in the near term. In a worst-case scenario, vacancies are likely to increase.

More and more companies are looking at ways to preserve cash, including retrenchments. Some resolved to go into business rescue and others have deferred or suspended dividends.

These factors point to depressed tenants who pose potential risks to the property sector. While listed property valuations have been depressed for a while and there is an argument for value uplift, we hold the view that the sector should be approached very cautiously considering the credit quality of the average tenant. We maintain an under-weight position in the asset class.

RSA EQUITIES

Despite the more positive, risk-on environment globally, non-residents remained net sellers of South African equity assets during May as local equities ended the month pretty much flat. Consumer-facing sectors remained under pressure with the financial sector also showing weakness. The healthcare sector was once again the best performing sector returning 7.23%

Even though the market provided opportunities during the sell-off, we believe that investors need to continue exercising caution given how fluid things are on the pandemic front. Companies that have strong balance sheets will be able to execute on opportunities presented by low valuations, which could spur merger and acquisition activity.

We maintained an underweight position in local stocks within an emerging market equity portfolio. However, if the sell-off resumes we will consider increasing our weighting as valuations become more favourable.

INTERNATIONAL

April's strong rebound in equity markets extended into May as the market's expectation of a V-shaped recovery continued to be aggressively priced in. The magnitude of the Covid-19 impact dominated sentiment and, as an increasing number of countries began to relax their lockdown measures, the issue of new cases remained in focus.

During the month, a range of data showed an unprecedented contraction in economic activity. However, investors appeared to focus on hopes that the contraction might be weakening. The S&P 500 had its second-best day of the month on the same day that the US Labour Department reported nonfarm payrolls had decreased by a massive 20.5 million in April, causing the unemployment rate to spike to 14.7%, -its highest level since the Great Depression. Investors, however, saw the loss of jobs as smaller than consensus expectations, while the vast majority of those laid off told surveyors that they expected to be rehired within six months. Weekly jobless claims remained high, but investors seemed satisfied that claims trended downward

throughout the month, while the number of people filing continuing claims started to fall. Monetary policy globally remained very accommodative, with policy in the spotlight. Federal Reserve Chairman Jerome Powell warned in a speech of significant downside risks in the months ahead, and the possibility of lasting damage to the productive capacity of the economy. Powell held out the possibility of further stimulus measures from the central bank but stated that the Fed was not considering cutting interest rates to below 0%.

The uncertainty around fiscal policy and President Trump's continued tension with China resulted in bouts of volatility that restrained market performance.

The Fed and the European Central Bank indicated that they would do what needs to be done. However, the longer it takes to develop a vaccine, the more monetary and fiscal support will be needed to ensure economies don't fall from a recession into a depression.

We have held the view for some time that the global economy has been in the late stages of the business cycle and that markets had run ahead of themselves. While markets priced in a strong V-shaped recovery following the correction in March, our central scenario is for a more protracted recovery accompanied by significant continued downside risk.

In line with these views, we have increased our under-weight position to global equity, using the bounce in markets during April to lighten up even more – preferring to hold cash as not even bonds offer value at these yields.

NOVARE HOUSE VIEW: May 2020
TACTICAL POSITIONING*

	←	ON-WEIGHT	→	PREVIOUS
	UNDER-WEIGHT		OVER-WEIGHT	
DOMESTIC				
Equities	85%			95%
Bonds	95%			95%
Property	85%			95%
Alternatives		100%		100%
Cash		Balancing		100%
OFFSHORE			120%	120%
Equities	80%			105%
Bonds	70%			70%
Alternatives		100%		125%
AFRICA		100%		

* positioning is as a % of strategic asset allocation

Summary:

Novare remains underweight domestic equities, domestic bonds and domestic property whilst maintaining an overweight to International assets. Due to the limit of 25% to international assets (30% if a minimum 5% Africa exposure is held), the balance of any domestic assets will be invested in cash.

++
+
Neutral
-
--

TACTICAL ASSET ALLOCATION

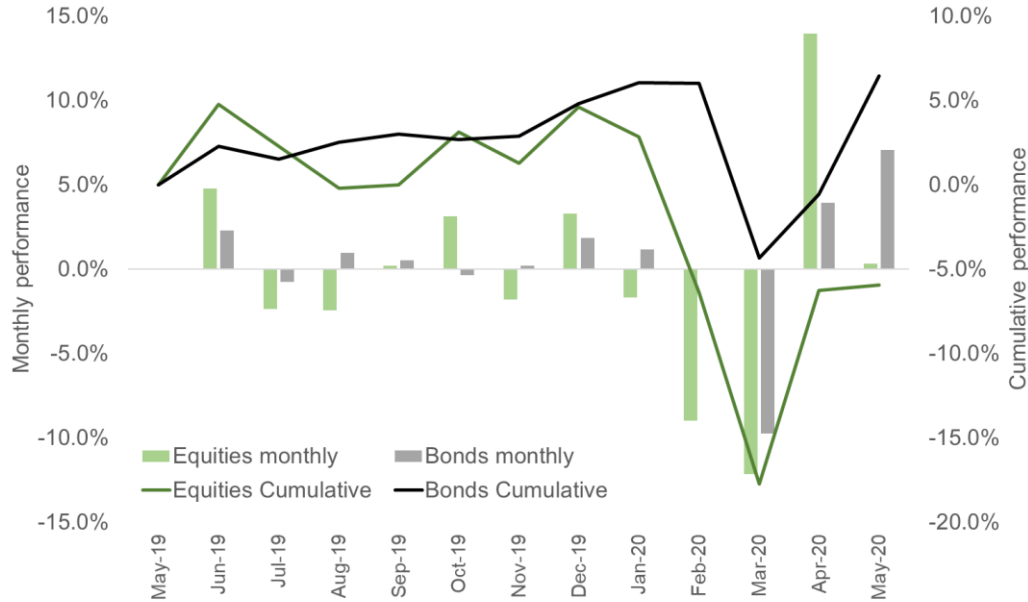
Global Assets (US\$)	1 month	3 months	YTD	12 months	3 Years	5 Years
MSCI All Countries Equity	4.4%	0.1%	-8.9%	6.0%	5.6%	3.3%
MSCI Emerging Markets	0.8%	-6.9%	-15.9%	-4.0%	-0.1%	-0.1%
Global Bonds (R)	-4.5%	12.2%	27.9%	27.0%	14.3%	8.3%

Commodity Prices	1 month	3 months	YTD	12 months	3 Years	5 Years
Brent Oil (USD/Barrel)	42.9%	-23.8%	-42.8%	-38.6%	-8.1%	-4.9%
Platinum (USD/oz)	7.0%	-5.6%	-14.4%	5.1%	-3.5%	-2.1%
Gold (USD/oz)	0.2%	5.2%	12.9%	31.9%	11.5%	6.7%

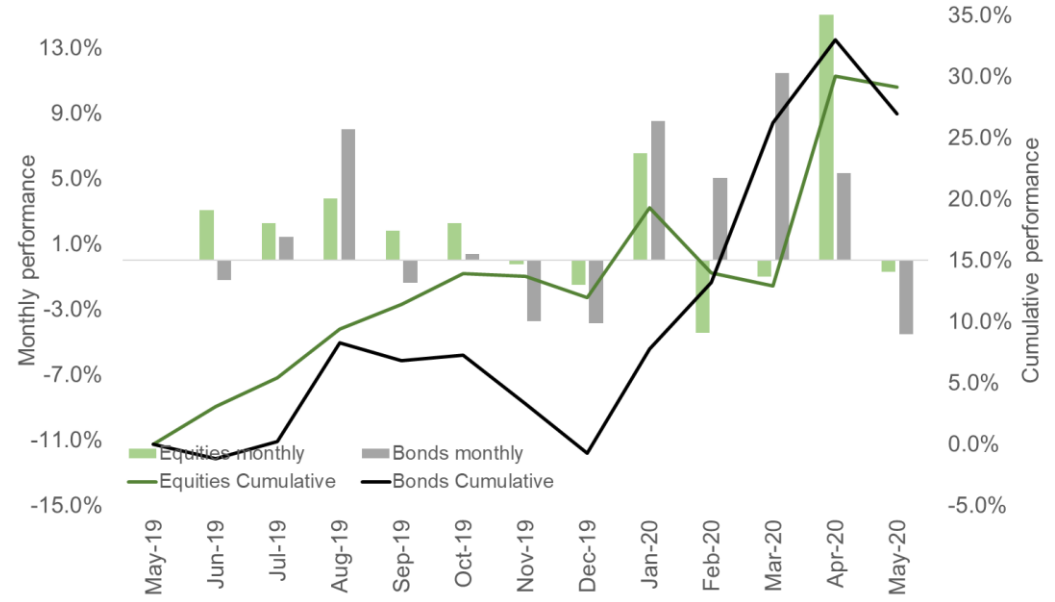
Asset Allocation (Rand)	1 month	3 months	YTD	12 months	3 Year	5 Years
Domestic Equities	0.3%	0.5%	-10.1%	-6.0%	2.5%	1.5%
Domestic Bonds	7.1%	0.4%	1.6%	6.4%	8.5%	5.0%
Domestic Cash	0.5%	1.6%	2.7%	7.0%	7.0%	4.2%
Domestic Property	-0.8%	-32.6%	-44.9%	-45.9%	-21.7%	-13.6%
International Equity	-0.7%	13.3%	15.3%	29.1%	17.3%	10.0%
International Bonds	-4.5%	12.2%	27.9%	27.0%	14.3%	8.3%
Exchange rate (R / \$)	-5.3%	12.0%	25.3%	20.3%	10.3%	6.1%

Scale:
 Best performing asset class █
 Worst performing asset class █

Domestic Markets (R) over the last 12 months



International Markets over the last 12 months



MARKET PERFORMANCE

Section B

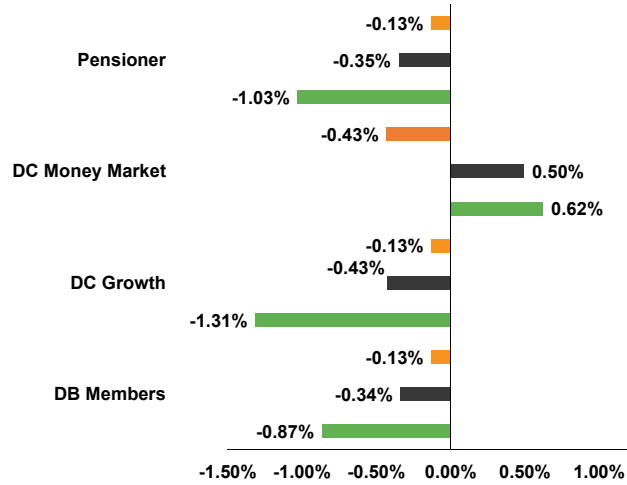
Fund Overview



EXECUTIVE SUMMARY

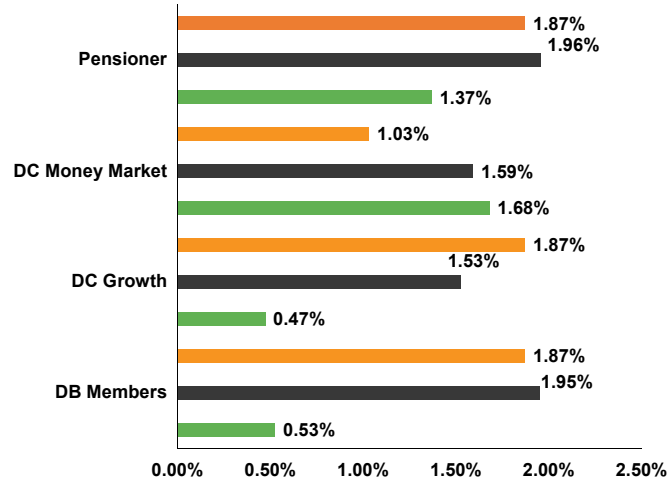


Monthly Return for May 2020



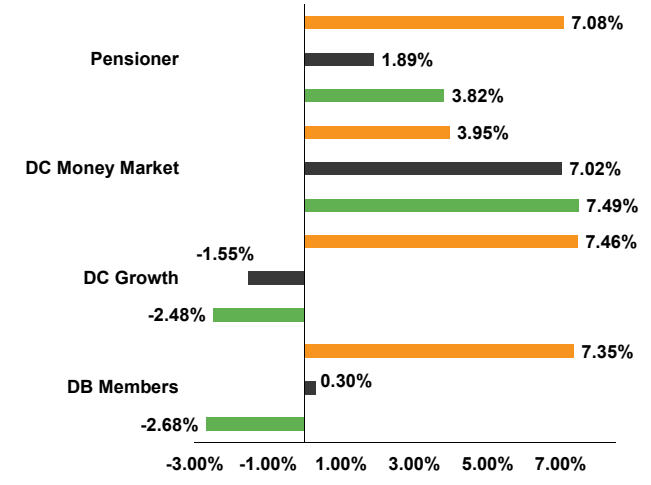
Investment objective | Benchmark | Portfolio

3 Months Return up to May 2020



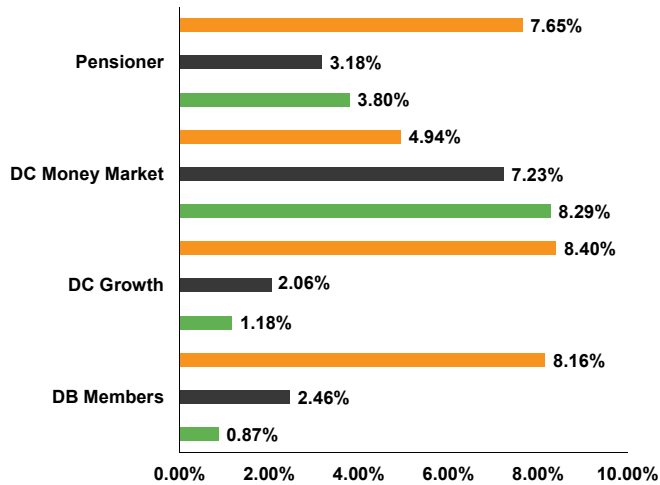
Investment objective | Benchmark | Portfolio

1 Year Return up to May 2020



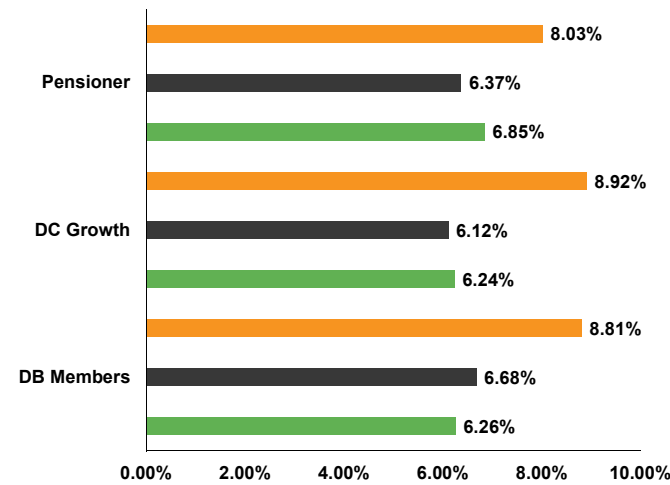
Investment objective | Benchmark | Portfolio

3 Year Return up to May 2020



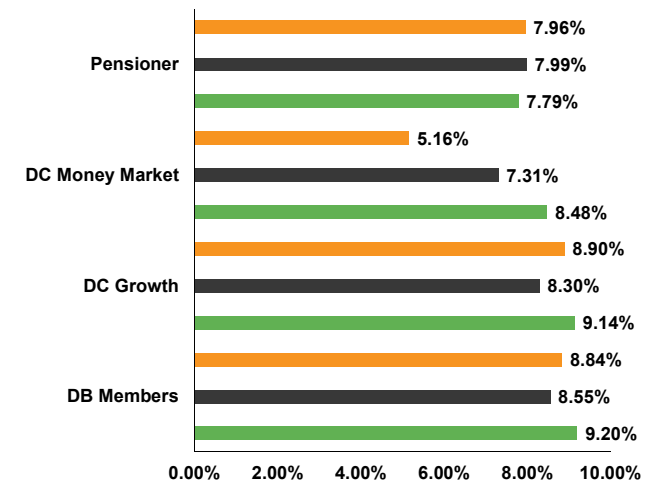
Investment objective | Benchmark | Portfolio

7 Year Return up to May 2020



Investment objective | Benchmark | Portfolio

Returns Since Inception



Investment objective | Benchmark | Portfolio

PORTFOLIO MARKET VALUES AND RETURNS

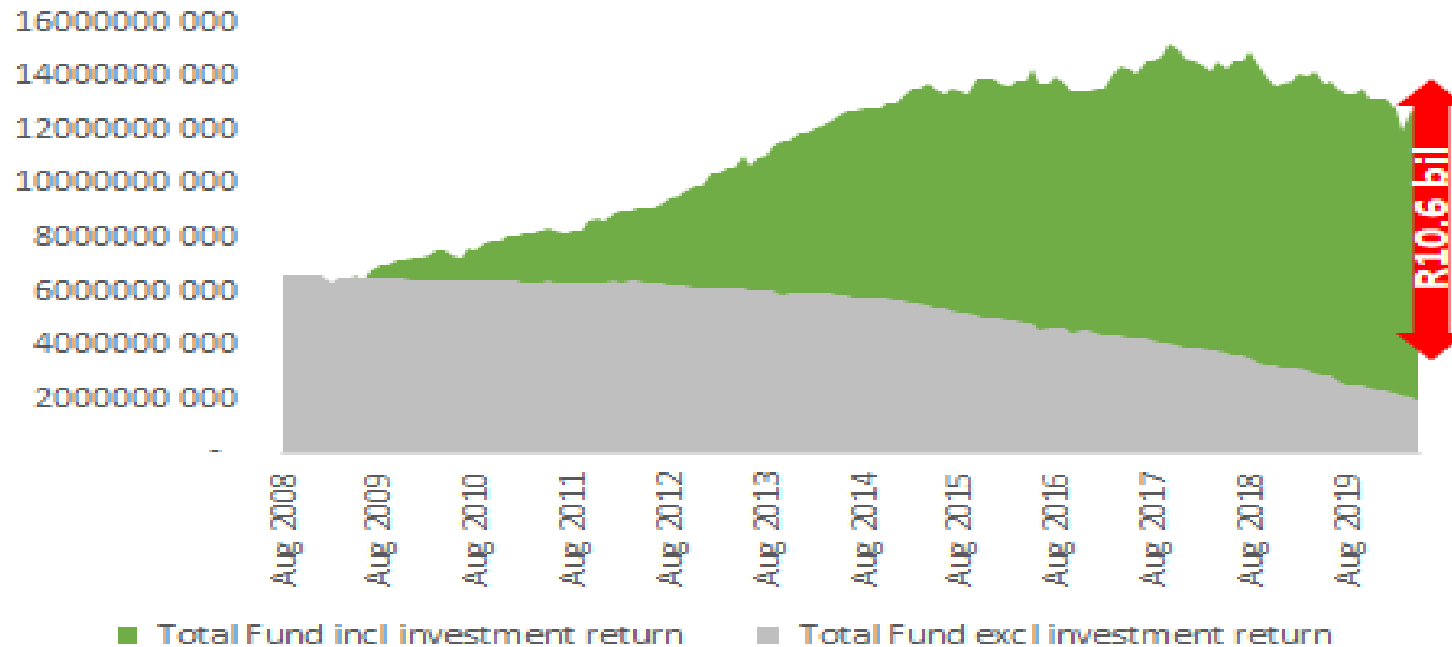
The table below sets out the portfolio returns of the funds over the various periods in comparison with their respective benchmarks.

	Market value (R)	Weight (%)	1 month (%)	3 months (%)	YTD (%)	12 months (%)	3 years (% p.a.)	5 years (% p.a.)
DB Members	10 669 484 059	84.8%	-0.9%	0.5%	-2.5%	-2.7%	0.9%	3.4%
Strategic Benchmark			-0.3%	2.0%	-1.1%	0.3%	2.5%	4.4%
			-0.5%	-1.4%	-1.4%	-3.0%	-1.6%	-1.0%
DC Growth	431 156 806	3.4%	-1.3%	0.5%	-2.7%	-2.5%	1.2%	3.4%
Strategic Benchmark			-0.4%	1.5%	-2.4%	-1.6%	2.1%	3.7%
			-0.9%	-1.1%	-0.3%	-0.9%	-0.9%	-0.4%
DC Money Market	508 025 609	4.0%	0.6%	1.7%	2.9%	7.5%	8.3%	-
Strategic Benchmark			0.5%	1.6%	2.7%	7.0%	7.2%	-
			0.1%	0.1%	0.2%	0.5%	1.1%	-
Pensioner	969 057 610	7.7%	-1.0%	1.4%	-0.5%	3.8%	3.8%	5.0%
Strategic Benchmark			-0.3%	2.0%	-0.8%	1.9%	3.2%	4.7%
			-0.7%	-0.6%	0.4%	1.9%	0.6%	0.3%
DB Members			-0.9%	0.5%	-2.5%	-2.7%	0.9%	3.4%
Objective			-0.1%	1.9%	3.1%	7.4%	8.2%	8.7%
			-0.7%	-1.3%	-5.6%	-10.0%	-7.3%	-5.4%
DC Growth			-1.3%	0.5%	-2.7%	-2.5%	1.2%	3.4%
Objective			-0.1%	1.9%	3.1%	7.5%	8.4%	8.9%
			-1.2%	-1.4%	-5.8%	-9.9%	-7.2%	-5.5%
DC Money Market			0.6%	1.7%	2.9%	7.5%	8.3%	-
Objective			-0.4%	1.0%	1.7%	4.0%	4.9%	-
			1.1%	0.6%	1.2%	3.5%	3.3%	-
Pensioner			-1.0%	1.4%	-0.5%	3.8%	3.8%	5.0%
Objective			-0.1%	1.9%	3.1%	7.1%	7.7%	8.0%
			-0.9%	-0.5%	-3.6%	-3.3%	-3.9%	-3.0%
	12 577 724 084	100%						

LONG TERM RETURNS

Longer term returns should be used to assess the Fund's performance when compared to the benchmark as short term volatility may distort short term performance measurement.

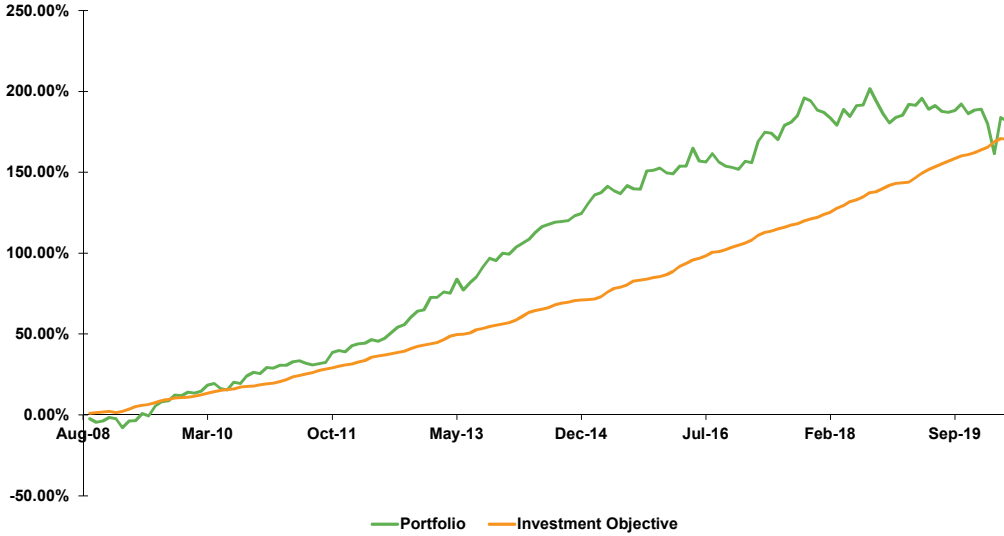
Estimate Value Added through Investment Returns since Inception



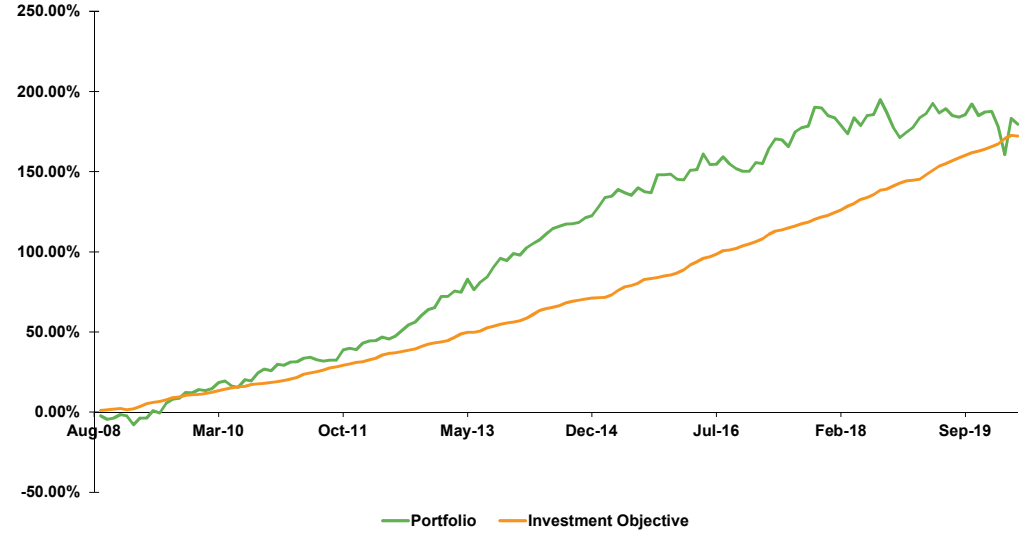
LONG TERM RETURNS

Longer term returns should be used to assess the Fund's performance when compared to the benchmark as short term volatility may distort short term performance measurement.

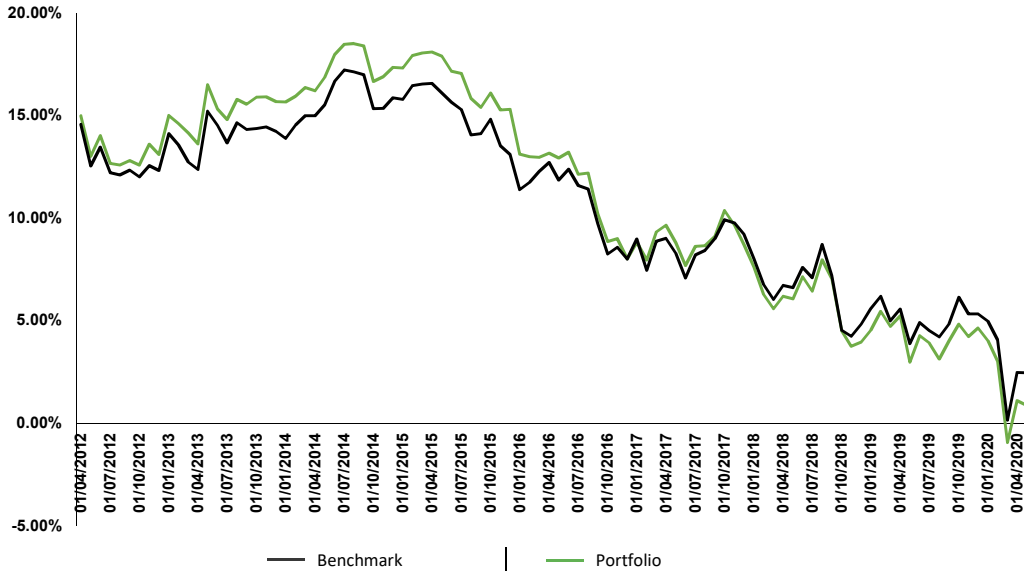
DB Members - Cumulative return since 30 September 2009



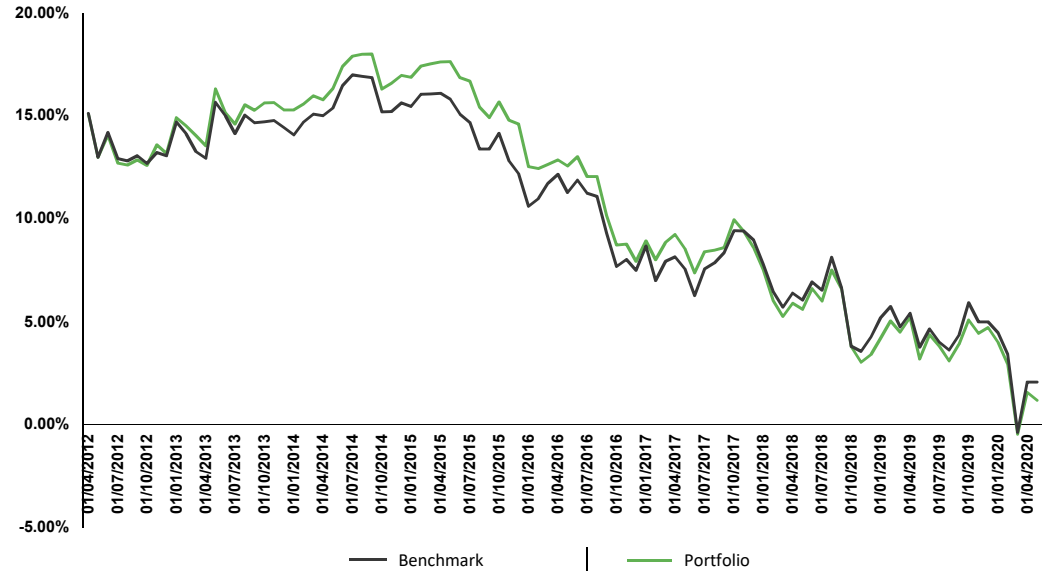
DC Growth - Cumulative return since 30 September 2009



DB Members - 3 Year Rolling Returns



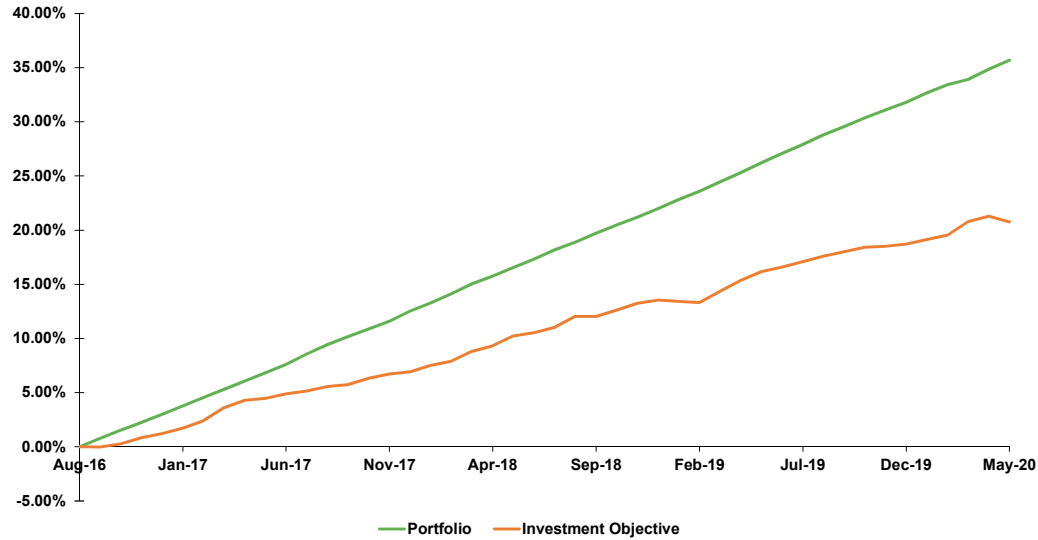
DC Growth - 3 Year Rolling Returns



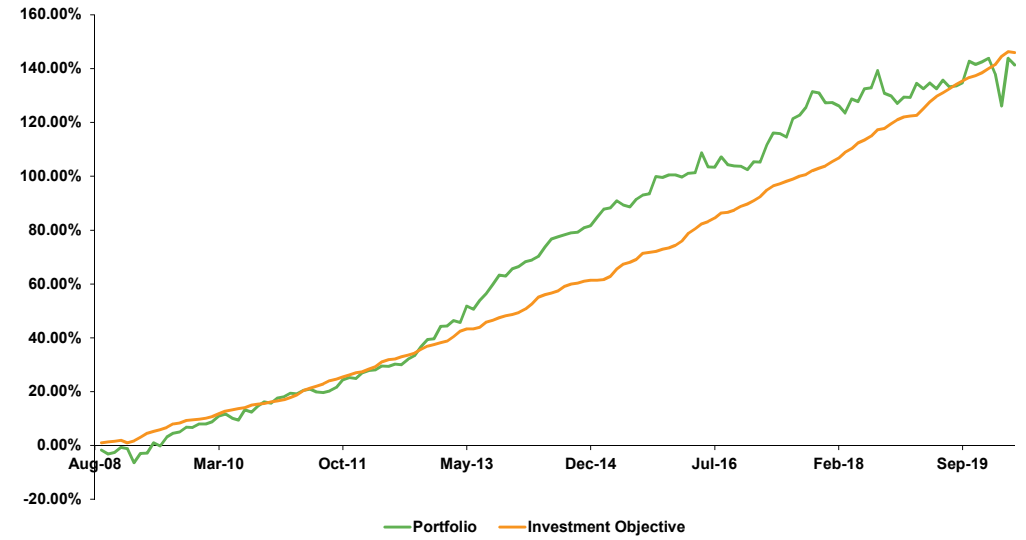
LONG TERM RETURNS

Longer term returns should be used to assess the Fund's performance when compared to the benchmark as short term volatility may distort short term performance measurement.

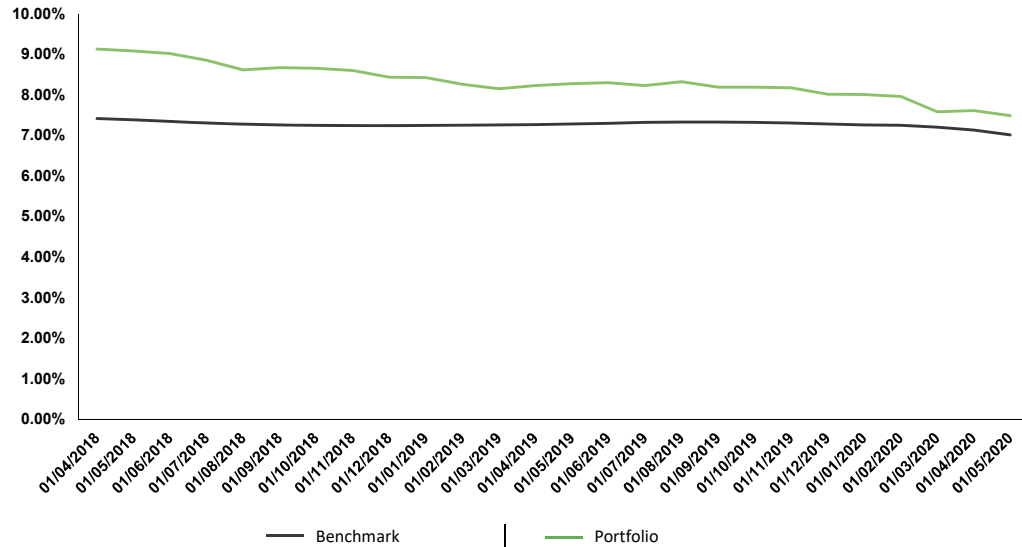
DC Money Market - Cumulative return since 30 September 2016



Pensioner - Cumulative return since 30 September 2016



DC Money Market - 1 Year Rolling Returns

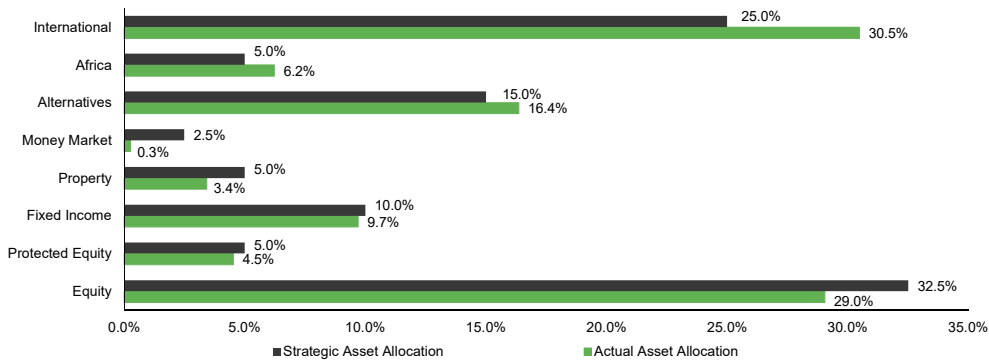


Pensioner - 3 Year Rolling Returns

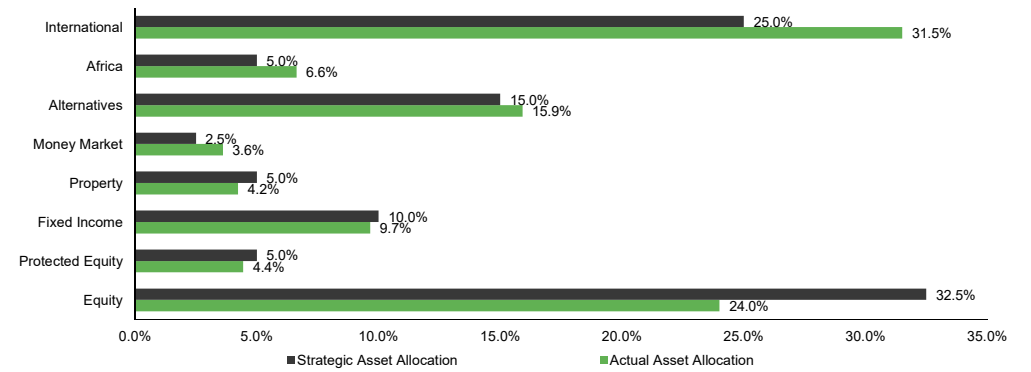


ASSET ALLOCATION

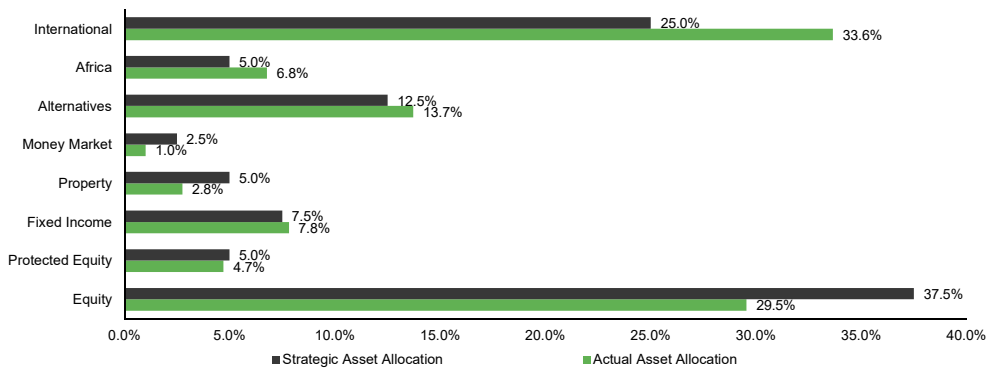
DB Members



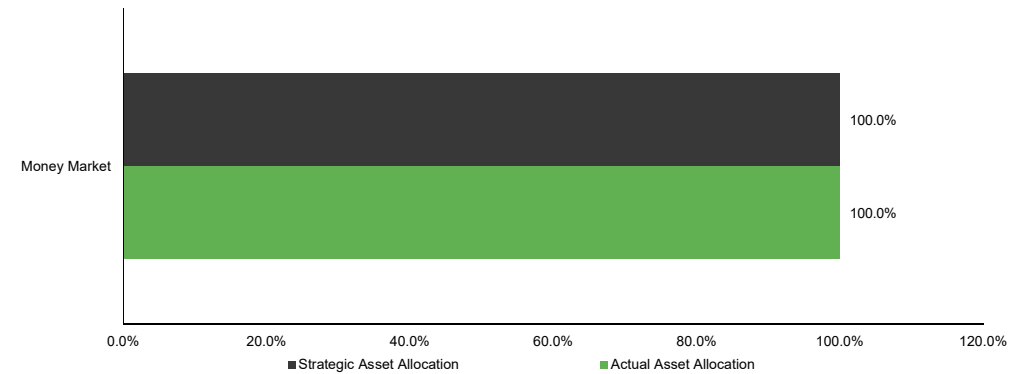
Pensioner



DC Growth



DC Money Market



MANAGER PERFORMANCE

The table below sets out the individual manager returns for funds and compares them with their respective benchmarks.

Asset Class	Manager	Inception Date	Market value (R)	Weight (%)	1 month (%)	3 months (%)	12 months (%)	3 years (% p.a.)	5 years (% p.a.)	Since Inception
Equity	All Weather Equity	2018/10/31	310 276 613.80	2.5%	-0.9%	-4.8%	-15.4%	-	-	-7.8%
	JSE Capped Share Weighted Index				-0.4%	-5.3%	-14.2%	-	-	-6.5%
					-0.5%	0.4%	-1.2%	-	-	-1.3%
	Aluwani Capital Equity	2018/10/31	609 291 936.07	4.8%	0.0%	-3.9%	-11.8%	-	-	-4.2%
	JSE Capped Share Weighted Index				-0.4%	-5.3%	-14.2%	-	-	-6.5%
					0.4%	1.4%	2.4%	-	-	2.3%
	Argon Equity	2018/10/31	350 567 909.92	2.8%	0.0%	-4.2%	-11.6%	-	-	-5.9%
	JSE Capped Share Weighted Index				-0.4%	-5.3%	-14.2%	-	-	-6.5%
					0.4%	1.1%	2.6%	-	-	0.6%
	Balondolozzi Equity	2018/10/31	328 035 977.16	2.6%	-0.1%	-2.6%	-13.1%	-	-	-5.5%
JSE Capped Share Weighted Index				-0.4%	-5.3%	-14.2%	-	-	-6.5%	
				0.3%	2.7%	1.1%	-	-	1.0%	
Mazi Equity	2016/09/30	503 011 369.89	4.0%	-0.2%	-9.0%	-18.3%	-6.3%	-	-4.9%	
JSE Capped Share Weighted Index				-0.4%	-5.3%	-14.2%	-3.5%	-	-1.8%	
				0.2%	-3.7%	-4.1%	-2.8%	-	-3.1%	
Mianzo Equity	2018/10/31	295 767 733.88	2.4%	-0.8%	-6.7%	-16.0%	-	-	-7.4%	
JSE Capped Share Weighted Index				-0.4%	-5.3%	-14.2%	-	-	-6.5%	
				-0.4%	-1.4%	-1.8%	-	-	-0.9%	
Satrix Equity	2018/10/31	374 537 829.00	3.0%	0.1%	-4.8%	-12.7%	-	-	-4.9%	
JSE Capped Share Weighted Index				-0.4%	-5.3%	-14.2%	-	-	-6.5%	
				0.5%	0.5%	1.4%	-	-	1.6%	
Vunani Equity	2018/10/31	686 969 029.01	5.5%	-0.3%	-4.9%	-13.7%	-	-	-6.0%	
JSE Capped Share Weighted Index				-0.4%	-5.3%	-14.2%	-	-	-6.5%	
				0.1%	0.4%	0.5%	-	-	0.5%	
Protected Equity	Mergence Structured Product	2020/02/29	546 210 110.50	4.3%	2.0%	-0.5%	-	-	-	2.0%
	JSE All Share Index Top 40				0.4%	1.5%	-	-	-	0.4%
					1.6%	-2.1%	-	-	-	1.6%

MANAGER PERFORMANCE

The table below sets out the individual manager returns for funds and compares them with their respective benchmarks.

Asset Class	Manager	Inception Date	Market value (R)	Weight (%)	1 month (%)	3 months (%)	12 months (%)	3 years (% p.a.)	5 years (% p.a.)	Since Inception
Fixed Income	Futuregrowth Infrastructure Bond	2008/08/31	900 438 527.42	7.2%	7.4%	-1.3%	5.5%	8.8%	8.7%	10.8%
	All Bond Index				0.3%	-1.7%	-0.9%	0.6%	1.0%	2.0%
Fixed Income	Stanlib Bond	2008/08/31	261 520 676.77	2.1%	6.6%	0.3%	6.7%	8.9%	8.5%	9.5%
	All Bond Index				7.1%	0.4%	6.4%	8.2%	7.7%	8.7%
Property	Direct Property	2008/08/31	159 200 023.25	1.3%	-	-	-	-	-	-
	NO BENCHMARK				-	-	-	-	-	-
Property	Meago Property	2012/08/31	259 176 998.26	2.1%	0.0%	-32.1%	-45.4%	-21.1%	-9.9%	-1.5%
	Listed Property				-0.8%	-32.6%	-43.6%	-20.5%	-10.6%	-2.4%
Money Market	Cartesian Capital Money Market	2018/10/31	166 781 700.00	1.3%	0.5%	1.7%	6.8%	-	-	6.7%
	STEFI Composite				0.5%	1.6%	7.0%	-	-	7.1%
Money Market	Sanlam Cash	2010/09/30	406 823 582.55	3.2%	0.5%	1.6%	7.6%	8.5%	8.6%	7.6%
	STEFI Composite				0.5%	1.6%	7.0%	7.2%	7.2%	6.5%
Money Market	Transition Account	2009/02/28	1 696 279.32	0.0%	-	-	-	-	-	-
					-	-	-	-	-	-
Alternatives	Mayibentsha Focused	2011/07/31	448 858 274.79	3.6%	0.8%	2.5%	3.8%	3.8%	3.1%	7.0%
	CPI + 4.5%				-0.1%	1.9%	7.5%	8.4%	9.2%	9.6%
Alternatives	Mayibentsha Market Neutral	2011/07/31	408 736 253.92	3.2%	1.2%	1.5%	6.8%	6.7%	7.0%	7.5%
	CPI + 2.5%				-0.3%	1.4%	5.5%	6.4%	7.2%	7.6%
Alternatives	Mayibentsha Moderate	2008/08/31	307 230 672.30	2.4%	1.2%	2.4%	6.0%	5.5%	6.0%	8.1%
	CPI + 3.5%				-0.2%	1.6%	6.5%	7.4%	8.2%	8.5%
Alternatives					1.4%	0.7%	-0.4%	-1.9%	-2.2%	-0.3%

MANAGER PERFORMANCE

The table below sets out the individual manager returns for funds and compares them with their respective benchmarks.

Asset Class	Manager	Inception Date	Market value (R)	Weight (%)	1 month (%)	3 months (%)	12 months (%)	3 years (% p.a.)	5 years (% p.a.)	Since Inception
Africa	Terebinth Capital STEFI	2020/01/31	49 269 314.51	0.4%	-7.4%	-3.5%	-	-	-	6.4%
					0.5%	1.6%	-	-	-	1.6%
					-7.9%	-5.1%	-	-	-	4.8%
	Tamela Capital NO BENCHMARK	2020/01/31	1 022 345.44	0.0%	-	-	-	-	-	-
					-	-	-	-	-	-
					-	-	-	-	-	-
	Legacy Africa Hurdle Rate	2020/01/31	151 194 013.87	1.2%	-	-	-	-	-	-
					-	-	-	-	-	-
					-	-	-	-	-	-
	Sampada Private Equity NO BENCHMARK	2015/09/30	249 108 214.45	2.0%	-	-	-	-	-	-
					-	-	-	-	-	-
					-	-	-	-	-	-
	Sampada Private Equity 2 NO BENCHMARK	2019/01/31	290 008 854.15	2.3%	-	-	-	-	-	-
				-	-	-	-	-	-	
				-	-	-	-	-	-	
	Boxwood Property Fund Hurdle Rate (CPI +3%)	2020/03/31	41 277 389.64	0.3%	-	-	-	-	-	-
					-	-	-	-	-	-
					-	-	-	-	-	-
	Summit Africa Hurdle Rate (CPI +5%)	2019/11/30	12 133 278.01	0.1%	-	-	-	-	-	-
					-	-	-	-	-	-
					-	-	-	-	-	-
	Novare Africa Property Fund 1 10% in USD	2010/07/31	581 874 186.68	4.6%	-	-	-	-	-	-
					-	-	-	-	-	-
					-	-	-	-	-	-
	Novare Africa Property Fund 2 10% in USD	2014/07/31	175 275 042.19	1.4%	-	-	-	-	-	-
					-	-	-	-	-	-
					-	-	-	-	-	-
International	Novare Global Balanced 60% Equity / 40% Bonds	2008/08/31	3 701 429 947.27	29.4%	-4.0%	8.3%	17.7%	9.7%	9.4%	11.8%
					-2.5%	12.8%	27.3%	14.9%	11.9%	11.5%
					-1.5%	-4.5%	-9.6%	-5.2%	-2.5%	0.3%
			12 577 724 084	100%						

"The private equity and unlisted property portfolios will be measured and reported on in a separate report."

ASSET ALLOCATION



Asset Class	Manager	DB Members	DC Growth	DC Money Market	Pensioner	Total Fund	
Equity	All Weather Equity	238 715 252.1	12 446 266.0		59 115 095.7	310 276 613.8	
	Aluwani Capital Equity	553 246 831.4	27 896 902.2		28 148 202.5	609 291 936.1	
	Argon Equity	320 792 066.2	15 498 686.3		14 277 157.4	350 567 909.9	
	Balondolozzi Equity	300 574 613.3	10 101 397.0		17 359 966.8	328 035 977.2	
	Mazi Equity	460 134 784.6	5 496 457.2		37 380 128.1	503 011 369.9	
	Mianzo Equity	268 637 242.1	18 634 720.3		8 495 771.5	295 767 733.9	
	Satrix Equity	335 419 417.5	22 685 996.9		16 432 414.6	374 537 829.0	
Protected Equity	Vunani Equity	620 919 906.7	14 637 190.1		51 411 932.2	686 969 029.0	
	Mergence Structured Product	482 848 500.3	20 298 872.8		43 062 737.4	546 210 110.5	
Fixed Income	Futuregrowth Infrastructure Bond	795 849 509.2	32 075 495.3		72 513 523.0	900 438 527.4	
	Stanlib Bond	238 835 678.5	1 630 059.4		21 054 938.9	261 520 676.8	
Property	Direct Property	126 918 928.8			32 281 094.5	159 200 023.3	
	Meago Property	238 554 010.7	11 886 139.2		8 736 848.4	259 176 998.3	
Money Market	Cartesian Capital Money Market	2 787 375.0	614 646.2	157 407 851.2	5 971 827.7	166 781 700.0	
	Sanlam Cash	23 473 293.3	3 767 471.0	350 617 757.6	28 965 060.7	406 823 582.6	
Alternatives	Transition Account	1 696 279.3				1 696 279.3	
	Mayibentsha Focused	405 465 721.6	10 349 684.3		33 042 868.9	448 858 274.8	
	Mayibentsha Market Neutral	373 726 359.9	5 766 219.3		29 243 674.7	408 736 253.9	
	Mayibentsha Moderate	267 482 278.8	10 653 440.7		29 094 952.8	307 230 672.3	
	Terebinth Capital	43 603 456.8	1 980 838.4		3 685 019.3	49 269 314.5	
	Tamela Capital	374 621.2	358 505.6		289 218.6	1 022 345.4	
	Legacy Africa	134 815 012.9	5 070 690.7		11 308 310.4	151 194 013.9	
	Sampada Private Equity	220 600 067.4	9 016 349.6		19 491 797.5	249 108 214.5	
	Sampada Private Equity 2	258 084 271.5	10 487 455.2		21 437 127.5	290 008 854.2	
	Boxwood Property Fund	36 790 134.4	1 240 492.8		3 246 762.4	41 277 389.6	
	Summit Africa	4 520 031.7	4 257 812.0		3 355 434.3	12 133 278.0	
	Africa	Novare Africa Property Fund 1	534 281 900.3			47 592 286.4	581 874 186.7
		Novare Africa Property Fund 2	129 348 351.3	29 230 919.2		16 695 771.7	175 275 042.2
International	Novare Global Balanced	3 250 988 161.9	145 074 098.7		305 367 686.8	3 701 429 947.3	
Total Fund		10 669 484 058.6	431 156 806.2	508 025 608.8	969 057 610.4	12 577 724 084.0	

Section C

Glossary



INVESTMENT GLOSSARY

ALTERNATIVE INVESTMENTS

Any non-traditional asset class. Investing in these generally provides a portfolio with greater diversification.

ANNUALISED RETURN

Where a cumulative return is over a period greater than a year, an annualised return is what the return is when converted into annual periods. For example, if the cumulative return over a 3-year period was 6%, the annualised return would be approximately 2% p.a. It means the investment earned an effective return of around 2% each year over the 3-year period (to arrive at the 6%).

ASSET CLASS

A type of investment, such as equities, bonds, cash, private equity etc.

BENCHMARK

What a portfolio, asset class or investment manager is judged against.

BENCHMARK PERFORMANCE

The performance return of an investment manager's benchmark or a Fund's strategic asset allocation.

BOND

A bond is issued by a company or country where it borrows money from the market, with a promise to repay it back. Bonds are characterised by what interest is paid back each year, and how long the term of the bond is.

CPI

Consumer price index. It is commonly used to identify periods of inflation or deflation.

CREDIT RATING

The rating given by a credit-rating agency, based on its view of the financial wellbeing of a company or country and the likelihood of default (i.e. inability to meet debt obligations). The highest rating is usually AAA, and the lowest is D.

CRISA

Code of Responsible Investing in South Africa.

CUMULATIVE RETURN

The aggregated return of an investment over a particular time-period.

DERIVATIVES

A derivative is a security of which the price is dependent upon or derived from one or more underlying assets.

EQUITY

Referring to the asset class, equity describes the ownership of a company. An individual or financial institution can own part of the company by buying equity shares or stocks. These are generally traded on a stock exchange, such as the Johannesburg Stock Exchange.

FUND OBJECTIVE

The investment objective that a Fund portfolio is trying to achieve. This is generally a return in excess of CPI. E.g. CPI + 3% per annum.

INVESTMENT GLOSSARY

A hand in a dark suit sleeve points towards a document. The document features several charts, including pie charts and a table. One pie chart is labeled with 'Energy', 'Industrial', 'Oil', and 'Agriculture'. Another pie chart shows '73%' and '27%'. A table in the background has columns for 'Global Equities', 'Global Bonds', and 'Global Commodities'.

HEDGE FUND

A type of alternative asset class. Here the investment manager generally invests in traditional asset classes, but has more tools to express their view of the market. Hedge funds look to protect capital in times of market falls and offer diversification from traditional asset classes.

INDEX

A benchmark measure to gauge how an asset class has performed. For example, the JSE All Share index is a measure to gauge how South African equities have performed.

INFLATION

The increase (or decrease) in the price of goods. For example, if inflation over the year was 5%, this means that prices rose by 5% over the period.

INTERNATIONAL

The assets of a Fund that are invested outside of South Africa. Exposure is limited to 25% per Regulation 28 of the Pension Fund, or 30% subject to 5% being invested in Africa.

INVESTMENT OBJECTIVE

The target that an investment fund or portfolio is trying to achieve.

INVESTMENT POLICY STATEMENT (IPS)

A document which sets out the investment aspects of the Fund, including its Fund objectives and describes the various strategies followed to meet them.

MONTHLY RETURN

The performance return over a month.

MANDATE

An investment manager's portfolio and objective.

OVERWEIGHT

To have a higher allocation in a particular asset class or security than what the comparable benchmark indicates.

PERFORMANCE

How much the value of a portfolio or instrument has grown by over a particular period.

PRIVATE EQUITY

An alternative asset class where investors buy equity ownership of a company but where the equity is not listed on a stock exchange.

PROPERTY

An asset class where one invests in property either directly (i.e. buying a property) or indirectly (i.e. buying property shares on the stock exchange).

PROTECTED EQUITY

An asset class giving the investor exposure to equities, but whilst also offering protection against market falls.

INVESTMENT GLOSSARY

REGULATION 28

Refers to regulation 28 of the Pension Funds Act, i.e. the guidelines for South African retirement funds which is aimed at ensuring Funds are not taking on too much risk, by limiting the excessive use of specific investment instruments, markets and asset classes.

REPO RATE

The interest rate which the Reserve Bank lends money to the commercial banks. An increase in the repo rates puts pressure on commercial banks to increase the prime rate.

SHARPE RATIO

A statistical measure indicating the reward for taking on an additional unit of risk. A high positive value is ideal as it indicates that for the risk taken, positive returns were achieved.

STRATEGIC ASSET ALLOCATION

This is the target that a Fund portfolio should be invested in over the long term across various asset classes. The strategic asset allocations are designed to help meet the Fund objective.

TACTICAL ASSET ALLOCATION

These are deviations made away from the strategic asset allocation with the aim of enhancing performance based on views of the investment markets.

TRACKING ERROR

A statistical measure indicating the deviation or difference of a portfolio's return compared to its benchmark return.

TRADITIONAL ASSET CLASS

This generally refers to equities, bonds, cash and property

UNDERWEIGHT

To have a lower allocation in a particular asset class or security than what the comparable benchmark indicates.

VOLATILITY

A risk measure characterised by the standard deviation of portfolio returns. The higher the value, the higher expected risk.

YEAR-TO-DATE ("YTD")

The performance return since the beginning of the latest calendar year

CONTACT US

Novare Actuaries and Consultants (Pty) Ltd

Registration No: 2001/008015/07

Third Floor, The Cliffs Office Block I

Niagara Way, Tyger Falls

Carl Cronje Drive, Bellville, 7530

South Africa

P O Box 4742, Tyger Valley, 7536

